



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 1043 (as introduced 10-16-24)  
Sponsor: Senator Sam Singh  
Committee: Appropriations

Date Completed: 12-3-24

**CONTENT**

The bill would amend the Recodified Tax Increment Financing Act by modifying the definition of "other protection obligation" to include an obligation issued or incurred by a tax increment finance authority (TIFA) or by a municipality on behalf of an authority that met specified qualifications.

The Act allows for tax increment financing (TIF) in a municipality for various economic development projects. The TIF mechanism allows a tax increment financing authority (TIFA) to establish a base property tax value for the affected area; any additional tax goes to the authority for economic development in the defined area.

Under the bill, "other protected obligation" would include an obligation issued or incurred by a TIFA or by a municipality on behalf of a TIFA to finance a public facility or project in a municipality with a population of more than 111,000 but less than 114,000, according to the most recent Federal decennial census, for specified purposes in a downtown area. The obligation also would have to meet the following qualifications:

- It would have to be issued or incurred after the bill's effective date.
- It would have to be issued or incurred to finance a public facility or project described in a TIF plan.
- The obligation would not extend beyond 2059.

This analysis assumes the bill applies only to a municipality with a population between 111,000 and 114,000 according to the latest Federal decennial census.

"Other protected obligation" also includes an obligation incurred by a TIFA that meets both of is a contract of lease originally executed on December 20, 1994, between the municipality and the TIFA partially implement the TIFA's development plan and TIF plan. This type of obligation may be amended to extend cash rental payments for up to 30 years through 2039. The bill would extend this period to 30 years through 2059.

MCL 125.4301

**FISCAL IMPACT**

The bill would allow for all TIFAs eligible under subparagraph (viii) to extend their TIF through 2059. There are 62 TIFAs as of fiscal year (FY) 2022-23. It is unknown how many would be eligible under subparagraph (vii), which requires a debt obligation to have been incurred between August 19, 1993, and December 31, 1994, for a TIF plan subject to certain



conditions. The bill's impact would be higher if the provisions applied to all TIFAs. Assuming the bill applies only to a municipality with a population of more than 111,000 but less than 114,000, (according to the most recent federal decennial census, the City of Lansing is the only municipality that meets this criterion), the bill would extend the TIFA's tax capture for an additional 20 years. As of FY 2022-23, the Lansing TIFA captured approximately \$5.0 million in revenue. Assuming the value of the properties stays relatively constant while the TIFA is in effect, the bill would allow the TIFA to capture an additional \$100.0 million. The capture would not affect total local government revenue, but only how it would be allocated between a municipality and a TIFA. This alteration would be a net-zero shift of funding. As of FY 2022-23, the Lansing TIFA captured approximately \$436,800 in State Education Tax revenue. Extending the TIFA's authority would reduce SET revenue to the State by approximately \$8.7 million over the additional 20 years. The other roughly \$91.3 million would come from other local entities where the TIFA is located.

Fiscal Analyst: Bobby Canell  
David Zin

SAS\S2324\s1043sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.